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OTHER FUNDS AND PROGRAMMES

United Nations Revolving Fund for Natural Resources Exploration, United Nations Fund for Science and Technology for Development and Transfer of Technology Through Expatriate Nationals (TOKTEN)

REPORT OF THE ADMINISTRATOR

I. PURPOSE

1. The present report contains an account of the operational activities during the years 1991-1993 of the United Nations Revolving Fund for Natural Resources Exploration (UNRFNRE) and the United Nations Fund for Science and Technology for Development (UNFSTD), including the Transfer of Technology Through Expatriate Nationals (TOKTEN) programme.

II. BACKGROUND

2. The years 1991, 1992 and 1993 have been difficult for both UNFSTD and UNRFNRE. Although UNRFNRE made important discoveries - such as gold in Tanzania - and succeeded in receiving its first replenishment payment derived from the production of chromite in its exploration area in the Philippines and although UNFSTD received praise from several quarters for its new highly focused programme, the resource bases for both Funds eroded further. While UNFSTD still receives core contributions from a large number of developing countries and while UNRFNRE continues to benefit from the regular and substantial support of at least one major donor, funds are insufficient to implement new projects. The management of the two Funds is now carried out by a single office, in accordance with Governing Council decision 90/39; this has led to significant savings and staff reduction. However, this has not been enough to reverse the negative trend fundamentally. The one bright area is the recent development in the field of energy. The Energy Account, which is managed by UNFSTD, succeeded in becoming financially self-sustained and even expanded, exclusively through non-core contributions.

III. OPERATIONAL ACTIVITIES

A. The United Nations Revolving Fund for Natural Resources Exploration

3. During the reporting period, UNRFNRE continued operations on a reduced scale compared to that of the 1980s. Successful projects such as those in Ecuador (silver) and Philippines (chromite) were still in operation and the prospects in Tanzania (gold) remain promising. Several other economically viable projects such as Honduras (gold, base metals), Guatemala (gold), Peru (gold), Bolivia (gold) and China (pyrophyllite) were awaiting investment to exploit the Fund's discoveries. The Fund concentrated on assisting these countries to attract the required investment. The assistance was in the form of legal advice and help in preparing international bidding documents aimed at stimulating interest of the private international mining companies.

1. Operational projects

4. The Final Report of the Exploration for Gold in the Suches area of Bolivia was completed and submitted to the Bolivian Government in October 1992. A Reported Mineral Deposit was claimed, which will entitle the Fund to replenishment payments when the deposit goes into production. Field activities in Bolivia consisted of detailed glaciogeological mapping, drilling and pitting laboratory analyses. The discovery was characterized as containing ore reserves of 13 million cubic metres with a content of 300 mg Au/m^3.

5. China confirmed through the Geological Survey of the Fujian Province the receipt of the Final Report on the exploration for pyrophyllite deposits. Extensive diamond drilling, trenching, pitting, chemical analysis, ore dressing tests and a pre-feasibility study have resulted in the identification of total reserves of pyrophyllite ore at about 12 million tonnes in the Donzi area. The readily saleable portion, suitable for refractories, of the total tonnage amounts to 1.4 million tonnes. The total reserves of the Lingli area amount to 4.3 million tonnes of fairly good quality pyrophyllite ore. This project appears economically viable and could generate future replenishment payments to the Fund.

6. Guatemala received the Final Report of the Exploration for Precious and Base Metals in Guatemala in September 1992. The discovery of a significant gold deposit, El Pato, with tonnages of 2.0 million tonnes and an average gold content of 7.0 g/t, is claimed in the report.

7. The Final Report of the Exploration for Precious and Base Metals in Honduras was prepared in three parts and submitted to the Government in January 1992. Two economically viable mineral discoveries were claimed, Yuscaran silver-gold deposit and, at Quita Gana, the proved resources of the Reported Mineral Deposit have been calculated at 1.7 million tonnes grading 2.3 per cent copper; 3.8 per cent zinc and 55 g/t silver. In addition, there is a potential of at least 5 million tonnes of economic grade lead-zinc-silver mineralization.

8. In the Philippines, the reporting period was mainly devoted to systematic exploration for secondary chromite deposits on Dinagat Island. A series of metallurgical tests on a pilot-plant scale were carried out during 1993. Implementation of gold exploration in Exploration Area III, Mapawa, on the Surigao mainland, was initiated in May 1993, with field work completed by the end of the year.

9. In Tanzania, the exploration for gold in the Canuck and Geita areas started in February 1992. Field activities were completed in the Nyamulilima Block of the Geita area and in October 1992 work was initiated in the Geita Hill Block of the same area. A gold-bearing mineralized zone was discovered, measuring approximately 3 kilometres in length and 10 meters in width. Trenches were sampled and revealed grades ranging from 3 to over 10 g/t. Further work is planned to investigate, by drilling, the depth continuity of this zone.

2. Pre-investment follow-up activities

10. The Fund's discovery of the Yuscaran gold-silver deposit in Honduras has attracted several private investors. During the reporting period, the Fund's assistance to the Government of Honduras in follow-up activities was nearing completion. Documents for international bidding were prepared and the advertising campaign to attract international mining companies to develop the Yuscaran deposit was launched.

11. The Fund's activities in Guatemala were aimed at assisting the Government to prepare the international bidding. The results of the call for bids to develop the El Pato gold deposit are expected soon.

3. Pipeline projects

12. Project development activities continued throughout the reporting period and the Fund received requests from the following countries for assistance in mineral exploration: Cuba, Estonia, Guinea, Mongolia, Namibia, the Democratic People's Republic of Korea, Sri Lanka and Viet Nam. However, due to insufficient funds, UNRFNRE could not respond positively to these requests. The pipeline also includes geothermal projects in Costa Rica, Nicaragua, Mexico and China. Once again, however, project implementation did not take place because of the unavailability of funds.

B. The United Nations Fund for Science and Technology for Development

13. During the reporting period, an important restructuring in science and technology in the United Nations system took place, which led to (a) the discontinuation of the Centre for Science and Technology for Development (CSTD) and the strengthening of the United Nations Conference on Trade and Development (UNCTAD) as the focal point for science and technology in the United Nations system and (b) the establishment of the United Nations Commission on Science and Technology for Development, replacing the Inter-Governmental Committee for

Science and Technology for Development and the Advisory Committee on Science and Technology for Development. UNFSTD was not directly affected by these events apart from the fact that the uncertainty surrounding these changes further weakened its resource basis. Only strong measures to reduce costs and a sharp focus on five priority areas allowed UNFSTD to continue a meaningful programme, albeit considerably reduced in scope. Although the General Assembly, in its resolution 48/180 of 21 December 1993, called for generous contributions to the Fund, it is far from certain that it will receive a positive response.

1. Endogenous capacity-building in science and technology

14. This programme has been at the centre of UNFSTD activities during the last three years. Over a dozen policy dialogues among stakeholders have taken place in Cape Verde, Jamaica, Pakistan, Togo, Uganda and Viet Nam to crystallize science and technology activities to be funded nationally or internationally. A key feature of this programme has been that all substantive work - technical analyses, sector reviews, institutional surveys - have been carried out by national consultants working under the guidance of national steering committees. It is this deep national involvement that should provide sufficient impetus for sustained follow-up actions, once the UNFSTD-sponsored programme is terminated at the end of 1994. As a complement to the above programme, UNFSTD has embarked upon more narrowly focused activities in the management of technology and in technology assessment. Both projects addressed the needs of middle-income countries and least developed countries (LDCs) in Asia. Similar to endogenous capacity-building, they were designed to reinforce the decision-making process in science and technology. Because of the upstream nature of these three projects, their impact cannot as yet be fully measured.

2. Renewable sources of energy and energy efficiency

15. UNFSTD projects in the field of energy are funded through the UNDP Energy Account. They focus mainly on energy efficiency and on the utilization of renewable sources of energy to meet the basic energy needs of rural communities.

16. Financing Energy Services for Small-Scale Energy Users (FINESSE) was initiated in 1989 by the World Bank in collaboration with the Netherlands Ministry of Development Cooperation (DGIS), the United States Department of Energy (USDOE) and UNFSTD. This was followed by a paper entitled "Strategy for Disseminating/Commercializing Proven Renewable Energy Technologies" prepared in 1990 jointly by the Agence française pour la maîtrise de l'energie (AFME), USDOE and UNDP. It focused on financial and institutional barriers which have hampered the widespread utilization of photovoltaic technologies. The objective of FINESSE is to identify and promote ways to provide technically feasible and economically viable renewable energy as well as energy efficiency services to end-users. The FINESSE proposal resulted from the recognition that traditional energy-sector lending by multilateral and bilateral institutions is biased towards large-scale, supply-oriented fossil fuels and hydro-based projects. The Netherlands is providing a trust fund of close to $900,000.

17. Another large-scale proposal, the Programme for Asian Cooperation on Energy and the Environment (PACE-E) is funded by a trust fund of over $2 million from Australia. Its objective is to assist developing countries in the environmentally responsible production and efficient use of energy from coal. Through the project, technicians, managers and executives are trained in the most advanced techniques of efficient coal production and utilization with minimum adverse impact on the environment. Emphasis is being given to all aspects of environmental protection, from mining rehabilitation to ash disposal and gas emission abatement. Through a related project, funded by Germany, international conferences were organized in China and India to enhance the efforts of these countries in the clean and efficient use of coal and to reduce related environmental stress.

18. Other activities funded under the Energy Account during the reporting period included the installation of solar water-heating systems at three hospitals in Grenada and assistance to the Solar Energy Company in Kiribati in the design, installation, maintenance and management of solar photovoltaic home systems.

19. UNFSTD participated in the funding and organization of an international workshop on renewable energy project implementation and management, which was held in New Delhi, in March 1993. In addition, one training workshop on photovoltaic systems for rural electrification was organized in November 1993 in Ecuador for participants from Latin America and the Caribbean, in cooperation with the Latin American Energy Organization (OLADE) and the Treaty for Amazonian Cooperation.

3. Technology business incubator programme

20. UNFSTD initiated this programme in the late 1980s and has provided assistance in establishing technology business incubators in 14 countries. Activities for most of these countries have been concluded. The results so far have been encouraging and there are now 50 incubators in operation - most of them in China - thanks to UNFSTD pre-investment activities, which included reconnaissance, orientation, feasibility studies, training and pre-launch activities (legal, financial, organizational). A recent assessment of the overall programme has confirmed its viability in principle and potential for additional countries. However, adequate commitment by Governments with regard to financial support is paramount. Only countries that provided this commitment have succeeded in establishing technology business incubators.

4. Technology information

21. After completion of the support to the Computer Faculty of the Asian Institute of Technology in Bangkok, which resulted, inter alia, in the training of 200 software specialists in the region, UNFSTD started a new innovative venture, Science and Technology Referral Services for Journalists. The basic aim is to make expertise instantly available to journalists through a referral system using volunteer national scientists and technical experts to improve the quality of media reporting in science and technology. The project is now being

implemented in Sri Lanka and activities are beginning in the Philippines and Malaysia. In Mongolia, UNFSTD has completed the establishment of a computerized Data Bank for Mineral Resources, which is badly needed after the exodus of Russian experts from that country.

5. Quality control and maintenance

22. The UNFSTD non-destructive testing project, covering Latin America, provided quality control for heavy industry through the use of ultra-high frequency waves, tomography and eddy currents. The UNFSTD-supported National Food Technology Centre in China established national standards for quality control. Both projects have now come to a conclusion, as has the project Repair and Maintenance of Scientific Instruments in Southern Africa. This project delivered concrete and tangible results, such as the repair of over 800 instruments, the introduction of maintenance standards, the training of national technicians and the creation of a network of users in scientific instruments in southern Africa. A new, broader programme, also implemented in cooperation with the International Foundation for Science (IFS), is now under way, covering West Africa and selected countries in Asia. As in the previous programme, it applies the successful concept of using former IFS grantees as national coordinators, thus avoiding bureaucratic involvement.

6. Transfer of Knowledge Through Expatriate Nationals (TOKTEN)

23. TOKTEN, which has been under UNFSTD management, expanded further during 1991-1993. Fourteen new countries joined the programme: Cambodia, Central African Republic, Armenia, Czech Republic, Islamic Republic of Iran, Kyrgyzstan, Latvia, Moldova, Nepal, Nigeria, Poland, Sierra Leone, Ukraine and Uzbekistan. This brings the number of participating countries to 39. Many of the newcomers are from the former Soviet Union. This has reinforced the interest in such fields as economic restructuring and management. However, high technology areas such as electronics, bio-engineering and medical research continue to be of particular relevance.

24. Of the total of 4,500 consultancies carried out since 1977, China is by far the largest recipient country, followed by Turkey, India, Pakistan, Egypt, the Islamic Republic of Iran, Philippines, Guinea and Poland. In the last three years alone, about 1,500 consultancies took place. This is an indication of the rapid pace of the expansion of the programme. Recent evaluations in China, Guinea, Jordan, the Philippines and Poland confirm the basic validity of the TOKTEN concept although it might be necessary to broaden its approach to include more middle-level experts.

25. Subsequent to the fifth International TOKTEN Workshop, which took place in Manila in 1991, national workshops were organized in Argentina, Morocco, Nigeria and Uzbekistan. They were complemented by TOKTEN presentations in North America in order to attract new qualified consultants.

26. With the scaling-down of activities in UNFSTD, the management of the TOKTEN modality in UNDP will be shifted to the United Nations Volunteers (UNV).

IV. FINANCIAL AND ADMINISTRATIVE MATTERS

27. UNFSTD and UNRFNRE, which operate under common management, reduced administrative expenditures:

from $2.20 million in 1990

to $1.94 million in 1991

to $1.59 million in 1992

to $1.53 million in 1993.

Staff has been further reduced during the reporting period from five to four Professionals and from eight to five General Service staff.

28. Resource availability and utilization for both Funds are presented in the annex.

V. EXECUTIVE BOARD ACTION

29. The Executive Board may wish to:

Take note of the report of the Administrator on the United Nations Revolving Fund for Natural Resources Exploration, the United Nations Fund for Science and Technology for Development and Transfer of Technology Through Expatriate Nationals.

Annex

I. UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION: RESOURCE AVAILABILITY AND UTILIZATION

(In millions of US dollars)

	ACTUAL			ESTIMATED		
	1990	1991	1992	1993	1994	1995
I. AVAILABILITY OF RESOURCES						
Balance as at 1 January	4.12	2.70	2.31	2.09	2.16	2.63
Additional resources received						
Voluntary contributions	1.83	3.19	2.17	2.10	2.10	2.10
Cost-sharing contributions	0.20	0.18	0.00	0.00	0.00	0.00
Sub-trust fund contributions	0.00	0.19	0.00	0.00	0.00	0.00
Extrabudgetary contributions	0.00	0.00	0.00	0.00	0.00	0.00
Interest and other income	0.96	(0.56)	0.11	0.01	0.02	0.02
	2.99	3.00	2.28	2.11	2.12	2.12
Total	7.11	5.70	4.59	4.20	4.28	4.75
II. UTILIZATION OF RESOURCES						
Project costs						
General resources & cost-sharing a/	2.95	2.17	1.07	0.62	0.50	0.90
Sub-trust funds	0.00	0.13	0.00	0.01	0.05	0.00
Technical Support Services b/	0.00	0.00	0.47	0.51	0.40	0.30
Biennial budget expenditure	1.44	1.09	0.96	0.90	0.70	0.60
Extrabudgetary activities	0.02	0.00	0.00	0.00	0.00	0.00
Total	4.41	3.39	2.50	2.04	1.65	1.80
III. BALANCE OF RESOURCES AS AT 31 DECEMBER						
General resources	2.70	2.31	2.09	2.16	2.63	2.95
IV. RESOURCES AVAILABLE FOR FURTHER PROGRAMMING						
General resources as at 31 December (as in III above)	2.70	2.31	2.09	2.16	2.63	2.95
Less: unspent project allocations	3.00	1.02	1.11	0.40	1.00	0.70
Balance available as at 31 December	(0.30)	1.29	0.98	1.76	1.63	2.25

a/ Includes pre-project expenditure.

b/ Part of the project costs.

II. UNITED NATIONS FUND FOR SCIENCE AND TECHNOLOGY FOR DEVELOPMENT, INCLUDING ENERGY ACCOUNT: RESOURCE AVAILABILITY AND UTILIZATION

(In millions of US dollars)

	ACTUAL			ESTIMATED		
	1990	1991	1992	1993	1994	1995
I. AVAILABILITY OF RESOURCES						
Balance as at 1 January	9.78	10.77	8.61	7.83	6.93	6.41
Additional resources received						
Voluntary contributions	0.27	0.07	0.17	0.20	0.10	0.10
Cost-sharing contributions	2.77	1.23	0.38	0.57	0.80	0.75
Sub-trust fund contributions	4.33	0.25	1.23	0.00	0.00	0.00
Interest and other income	0.97	0.34	0.32	0.27	0.15	0.15
Transfer of income from other trust funds	0.01	0.00	0.00	0.00	0.00	0.00
	8.35	1.89	2.10	1.04	1.05	1.00
Total	18.13	12.66	10.71	8.87	7.98	7.41
II. UTILIZATION OF RESOURCES						
Project costs:						
General resources and cost-sharing	3.83	2.41	1.13	1.45	1.20	0.95
Sub-trust funds	2.48	0.49	1.12	0.70	0.30	0.20
Reimbursement of agency support costs	0.28	0.28	(0.01)	0.08	0.05	0.04
Biennial budget expenditure	0.76	0.85	0.64	0.63	0.65	0.65
Extrabudgetary activities	0.01	0.02	0.00	0.08	0.00	0.00
Total	7.36	4.05	2.88	2.94	2.20	1.84
III. BALANCE OF RESOURCES AS AT 31 DECEMBER						
General resources	8.79	6.86	5.90	5.93	5.78	5.57
Non-core resources	1.98	1.75	1.93	1.00	0.63	0.20
IV. RESOURCES AVAILABLE FOR FURTHER PROGRAMMING						
Overall resources as at 31 December (as in III above)	10.77	8.61	7.83	6.93	6.41	5.77
Less: unspent project allocations	4.90	5.56	4.09	5.44	3.58	2.85
Balance available as at 31 December	5.87	3.05	3.74	1.49	2.83	2.92